Price manipulation in the Scrips of BPL, Sterlite and Videocon International

997.SHRI GURUDAS DASGUPTA: SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the alleged price manipulation in the scrips of BPL, Sterlite and Videocon International by a set of seven front companies and 18 main broker under Mumbai Stock Exchange; and

(b) if so, the details thereof and action taken, if any, against these companies and brokers?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir.

(b) Investigations were carried out by the Securities and Exchange Board of India (SEBI) into all alleged price manipulations in the scrips of BPL, Videocon International and Sterlite Industries. Investigations have prima facie revealed that a set of brokers, acting in concert on behalf of a common set of clients comprising mainly seven companies, cornered a very large chunk of these shares both on BSE and NSE and appeared to have manipulated the prices of these scrips. Enquiry proceedings under the SEBI Regulations have been initiated against 23 brokers of BSE and 11 brokers of NSE who were found to have been involved, while action against the front companies will be taken on examination of further aspects. However, taking into consideration the gravity and the extent of the involvement of some of the brokers, SEBI has prohibited 18 brokers (12 of BSE and 6 of NSE) from undertaking fresh activities of broking till completion of enquiry proceedings and further orders thereon.

Loans given by Nationalised Banks

998. SHRI S. VIDUTHALAI VIRUMBI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to news item which appeared in "The Economic Times" on 4th November, 1998 under the caption "current yield" which highlights that "Banks are evergreening their sticky loans by extending fresh loans to meet interest payment of old dues, thereby keeping these sticky loans outside the definition of NPA's;

(b) if so, what action have been taken or are proposed to be taken to descipline the errant officials; and

(c) whether Government would ask RBI to issue necessary instructions to Nationalised Banks to stop this type of practice?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) to (c) Instructions of the Reserve Bank of India (RBI) provide for asset classification on the basis of objective criteria of record of recoved. There have, however, been instances noticed during the course of on-site inspections of banks by RBI, where classifications have not conformed to instructions and assets have not been classified as NPAs. On the basis of findings in the course of on-site inspections, banks are instructed to reclassify such loans as NPA and to make adequate provisions as well as reverse any interest taken as income thereon.

Consensus on opening up of Insurance Sector

999. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government consider it necessary to create a consensus in favour of insurance sector as well as other service areas; and